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Special Analysis

IRAQ:

Saddam Increasingly Pressed, Considering Options

Diplomatic setbacks, economic decline, and the ascendancy of hardliners are putting pressure on Saddam and increasing the likelihood that he will become more confrontational.

- A recent string of diplomatic failures has dashed Iraqi expectations of a breakthrough at the UN by this month. The UN Special Commission on Iraq last month noted Baghdad's failure to account for growth medium for biological weapons and effectively blocked Iraq's supporters in the Security Council from submitting a resolution to lift the oil embargo.
- The UN is also pressing Iraq to account for chemical weapons precursors that it previously tried to explain away. Baghdad's rejection last month of UN Resolution 986, the latest oil-for-food sales plan, bolstered Washington's position.

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Director of Central Intelligence

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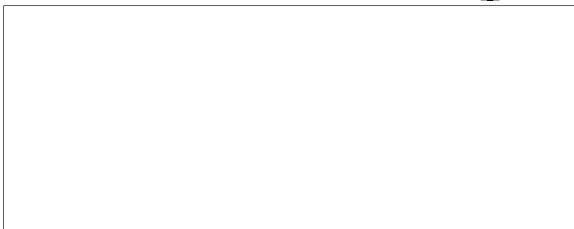
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Saddam Not Likely To Concede on Key Issues Soon

Baghdad appears determined to comply only grudgingly with UN demands to disclose its past biological and chemical weapons programs. [REDACTED]

[REDACTED] Senior Iraqi officials continue to claim publicly that the missing biological weapons material was used for medical research in Iraqi hospitals or was destroyed during the Shia and Kurdish uprisings in 1991.

- Iraqi foot-dragging on other issues, including an accounting for missing Kuwaitis and the return of captured Kuwaiti equipment, will further delay the lifting of the oil embargo. [REDACTED]

Hardliners Push for Confrontation

Setbacks at the UN led Saddam to send hardline Foreign Minister Sahhaf instead of Aziz to the sanctions review this month. [REDACTED]

- Even if Aziz retains his leading position in Iraq's diplomatic effort, he will be opposed by hardliners, led by Saddam's son Uday, who have Saddam's ear and appear to have orchestrated the rejection of Resolution 986. Recent editorials in Uday's newspaper *Babil* have called for an end to diplomacy and the "vicious circle" of UN demands. Similar *Babil* articles in March and October 1994 presaged shifts by Baghdad toward confrontation. [REDACTED]

- Despite public assurances that Baghdad would continue to cooperate with the UN to settle these issues, *Babil* last week accused Ekeus of helping the CIA fabricate incriminating evidence against Iraq. According to UN officials, Iraq was refusing to cooperate—at least until Ekeus's arrival—with a UN team that arrived in Baghdad on Thursday to destroy dual-use manufacturing machines. (S NF) -CIA, DIA, NSA-

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